



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TREASURY

RACHAEL EUBANKS
STATE TREASURER

DATE: April 12, 2022

TO: Chief Administrative Officers, Finance Directors, Bond Counsel, Financial Advisors, Certified Public Accountants, Municipal Organizations, and Interested Parties

CC:

FROM: Harlan Goodrich, Municipal Finance Manager
Community Engagement and Finance Division

SUBJECT: Public Comment Period
Proposed Numbered Letter 2022-1 Qualifying Statements

I. Notice of 30-Day Public Comment Period for Proposed Bulletins

As provided by Section 307 of Public Act 34 of 2001, the Revised Municipal Finance Act, before any bulletin issued by the Department that addresses filings or approvals can take effect, there must be no less than a 30-day public comment period. The proposed numbered letter is being distributed in fulfillment of that requirement. Please note that bulletins will now be referred to as numbered letters, with existing bulletins being changed to numbered letters as they are revised.

II. Written Comments to Proposed Numbered Letter

All comments in response to this proposed numbered letter must be received by the Department, in writing, on or before **May 17, 2022**. Your written comments may be emailed to the Department at Treas_MunicipalFinance@Michigan.gov. Use the subject line "Numbered Letter 2022-1."

III. Proposed Numbered Letter

Numbered Letter 2022-1 provides a revised Qualifying Statement (Form 5047) and creates a single source of information by replacing Bulletin 2 (last revised 2003) and Bulletin 6 (last revised 2015) and incorporating elements of Bulletin 1 which will be completely replaced at a future date. Our goals with this revision include increasing transparency, eliminating common errors, improving the overall user experience, educating filers, and reducing staff effort. Some of the specific changes include:

- a. The questions contain more detail in order to better assist the user. In an effort to reduce errors, instead of the answers being strictly Yes or No, they now restate the question and make it into a statement as part of the answer you provide.
- b. We have provided information bubbles for each question to provide additional background information at the fingertips of the user.
- c. If you are working on filling out the Qualifying Statement, take a break, and then resume work, your information will now still be there with a new autosave feature.
- d. The user can now print (paper or pdf) a copy of the Qualifying Statement questions before they complete the form in order to receive assistance from others to ensure the questions are being answered correctly.
- e. For Question #8 an information bubble and “7. Other Items” section of this numbered letter defines material vs. immaterial as it applies to the filing of a Qualifying Statement.
- f. Question #10 regarding fund deficits in audited financial statements and deficit elimination plans will now be a “dynamic” question instead of a “static” question. Our goal is to reduce filing errors related to this question.
- g. For Reconsideration Requests, the form will now be pre-populated with the responses from the original Qualifying Statement that was filed. You will now only need to change what needs to be corrected or amended instead of re-entering all the information. This will save municipalities time and reduce the opportunities for human error.
- h. For non-primary municipalities that do not file a separate audit, and whose audit is filed as part of the primary municipality’s audit, the Qualifying Statement form will now indicate the primary municipality under which the audit is filed, as was selected by the filer. This will provide additional transparency and assist those submitting the Qualifying Statement form to reduce filing errors.
- i. In addition to posting the determination letters on our document search website, we will begin posting the Qualifying Statement form itself. This will increase transparency and may also be useful to new municipal employees who will now have access to prior year forms.
- j. Primary municipalities with a delinquent Qualifying Statement will now receive a delinquent notice via email 30 and 60 days after their Qualifying Statement was due, instead of in mid-July and mid-August. The new notices will provide a timelier reminder of the municipality’s statutory responsibilities.
- k. While the Qualifying Statement is based on 16 questions, we are still only asking 13 as the remaining three questions the Department already has the answer such as the timely filing of audited financial statements.



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STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

RACHAEL EUBANKS
STATE TREASURER

NUMBERED LETTER 2022-1

Issued By: Community Engagement and Finance Division (CEFD)
Bureau of Local Government and School Services

Effective Date: Fall 2022

2022-1 Qualifying Statements (Replaces Bulletins 2 and 6 and incorporates elements of Bulletin 1)

Intended Audience: Chief Administrative Officers, Finance Directors, Bond Counsel, Financial Advisors, Certified Public Accountants, Municipal Organizations, State Agencies, and Interested Parties.

Municipalities Impacted: Counties, Road Commissions, Townships, Cities, Villages, School Districts, Public School Academies, Intermediate School Districts, Community Colleges, Drain Districts, Authorities, Libraries, Hospital Finance Authorities

Summary: Numbered Letter 2022-1 provides a revised Qualifying Statement (Form 5047) and creates a single source of information by replacing Bulletin 2 (last revised 2003) and Bulletin 6 (last revised 2015) and incorporating elements of Bulletin 1 which will be completely replaced at a future date. Our goals with this revision include increasing transparency, eliminating common errors, improving the overall user experience, educating filers, and reducing staff effort.

Section 303(2) of Public Act 34 of 2001, the Revised Municipal Finance Act, requires each municipality to file an annual Qualifying Statement with the Department of Treasury within six months of the end of its fiscal year, or as otherwise provided by law. The Department is required to determine, within 30 business days of receiving the Qualifying Statement, whether the municipality should be granted or denied qualifying status. If the Department grants qualified status or fails to notify the municipality of its determination within 30 business days, the municipality then is authorized to issue municipal securities under the Act without further approval from the Department until 30 business days after the next Qualifying Statement is due, or until a new determination is made by the Department, whichever occurs first.

1. Electronic Filing: Our goal is to provide a secure environment for users and allow flexibility in maintaining a municipality's account. The Qualifying Statement and the

Reconsideration Request will still be completed and submitted online. The Department will not accept forms in any other format. We anticipate this will continue to reduce submission errors and place fewer burdens on the user. Municipalities can review their online record of all forms that have been filed, the date they were filed, and have the ability to print or save that information.

2. Login Page: Visit Michigan.gov/MunicipalFinance.

- a. Click on “File and Search Reports.”
- b. Click on “File Online Reports.”
- c. For the first visit, users will be required to click on “Request Access New User.” You will need to create a new user profile.
- d. Complete all required fields. You will be asked to indicate what type of user you are from a selection on the drop-down list for User Type. If you are an Attorney, Certified Public Accountant, Financial Consultant, or employee of any of these filing on behalf of a municipality, select the type that pertains to you as the filer. If you are a county, city, township, village, authority, hospital finance or library employee or elected official, select Local Unit. If you are an employee of a school district, public school academy, intermediate school district or community college, select School. An “Instruction” link is available as you complete the new user request should you need it.
- e. Once you’ve submitted the request for access, you will receive an email with a temporary password. Enter your UserID and temporary password into the login page. You will then be required to immediately change passwords from the temporary one to one you choose.
- f. If, in the future, you forget your password, click the “Forgot Password” link to receive a temporary password and follow the instructions on the page.
- g. If you have forgotten both your UserID and your Password, email the Department at TreasLocalGov@michigan.gov with the subject “Forgot UserID and Password.”
- h. Once you login, you will be prompted to reset your password.

3. How to file a Qualifying Statement or Reconsideration Request

- a. Once you have successfully logged in you will be taken to the Form Submission page. Select the county of the municipality for which you are filing and the municipality type from the drop-down lists provided. Then select the municipality. Select the “Qualifying Statement” form and fiscal year

you wish to complete. For security reasons, the system will “time out” after a period of inactivity; however, your data will no longer be cleared from the form due to our new autosave feature.

- b. Municipalities with populations of less than 4,000 that file their audited financial statements biennially (Public Act 2 of 1968, Section 5(1)) are required to file a Qualifying Statement **annually**.
- c. If the fiscal year end month is incorrect, you shall submit written documentation from the municipality’s Chief Administrative Officer providing authorization of the change. The authorization must include the effective date of the change, the new fiscal year end month, and indicate the time-period covered by the next audit report (nine-month or 15-month report). The authorizations shall be in compliance with State statutes and the Governmental Accounting Standards Board (GASB) Statement No. 14. The notice shall be emailed to the Department at TreasLocalGov@michigan.gov with the subject “FYE Month Change.”
- d. If the municipality submitting the Qualifying Statement or Reconsideration Request is a non-primary municipality that does not file a separate audit, you will be required to select the primary municipality it is included with from the “Audit Filed Under” field. If a non-primary municipality does not file a separate audit and the same municipality name is selected, your Qualifying Statement will be denied due to a delinquent audit.
- e. Click on “Create Form.” This will generate the form you want to file.
- f. All required questions on the form are noted with a red asterisk and must be completed to submit the form.
- g. Although Public Act 34 of 2001 requires the Chief Administrative Officer (CAO) to file the Qualifying Statement, that responsibility may be designated to a different individual. The filer will be required to certify that the authority has been designated by the CAO and both parties take responsibility for an accurate filing.
- h. Providing false information on a Qualifying Statement or Reconsideration Request is a misdemeanor pursuant to the Michigan Penal Code (MCL 750.489).
- i. Once you have completed the form, click “Submit.”
- j. Once you have submitted a form, it will be available on the Form Submission page, where it can be viewed or printed.
- k. Upon successful submission, the Qualifying Statement will be reviewed, and the Department’s determination letter and form will be posted online in the document search website. An email with a link to the determination letter will also be sent to the municipality. In most cases, a determination will be made within one business day of receipt.

- l. To view the document search website, go to Michigan.gov/MunicipalFinance, click on “File and Search Reports,” and then “Document Search.”
- m. If the status has been denied, a municipality may file a Reconsideration Request to correct noncompliance issues identified in the denial letter. Filing a Reconsideration Request is similar to filing the Qualifying Statement. After logging into the online filing system, select your county, local unit, and type; select from the “Form” drop-down list “Qualifying Statement Reconsideration”; select the filing fiscal year and then create the form. The Reconsideration Request will come pre-populated with the responses from the original Qualifying Statement that was filed. The Reconsideration Request must be completed with the correct or amended information and a statement in the comment area to indicate why the information was changed.
- n. Municipalities only get **one** Reconsideration Request, so please take your time, and make sure the form is filled out correctly.

4. Qualifying Statement Reviews

- a. To uphold the integrity of the Qualifying Statement process and the issuance of municipal securities, the Department conducts random reviews of Qualifying Statements and Reconsideration Requests to ensure the questions are being answered appropriately.
- b. As part of this review process, the municipality **may** receive an additional information request letter from the Department requesting information for which they will have 30 days to respond. An additional information request letter is not sent in all instances.
- c. Should the Department determine the municipality was not compliant, the municipality will receive a “Subsequent Year Denial” letter. The municipality’s subsequent year Qualifying Statement will be automatically denied for either Question #8/Section 303(3)(k) or Question #12/Section 303(3)(o), whichever is applicable.
- d. If it was found that the municipality had a fund deficit in their audited financial statements for which a deficit elimination plan was required but had not indicated such on their Qualifying Statement and/or Auditing Procedures Report, then the municipality may also receive a deficit elimination plan request letter in accordance with Numbered Letter 2016-1.

5. Governing Effective Date of Qualifying Statement Determination

- a. The Department is advised that the legal status of a municipal security might be placed in doubt in a circumstance in which all of the following conditions simultaneously occur:

1. A municipality that has been granted qualified status for the current period submits to the Department its qualifying statement for the ensuing period more than 30 business days prior to the expiration of the current period.
 2. The Department determines that the municipality will be denied qualified status for the ensuing period.
 3. The municipality is in the process of, but has not yet concluded, issuing one or more municipal securities at the time the nonqualified status determination is rendered by the Department.
- b. It shall be the policy of the Department in respect to any municipality in which all of the conditions listed in the preceding paragraph simultaneously occur to issue a nonqualified status determination for the ensuing period with an effective date of the day after expiration of the existing qualified status. A municipality which submits its qualifying statement for the ensuing period more than 30 business days prior to the expiration of the current period shall simultaneously notify the Department in writing if the municipality is in the process of, but has not yet concluded, issuing one or more municipal securities. The notice shall be emailed to the Department at Treas_MunicipalFinance@michigan.gov with the subject "NL 2022-1 5b Governing Effective Date of QS Determination."
- c. Notwithstanding item 5.a.3 above, the Department maintains its authority to issue a nonqualified status determination, with an immediate effective date, if the Department concludes that the municipality submitted a qualifying statement or an application for any other municipal security in the preceding 12 months that was materially false or materially incorrect.

6. Other Items

- a. "Delinquent," as used in Question #6 and Section 303(3)(i), is defined by the Department to mean more than 30 days beyond the due date of those taxes or contributions.
- b. "Materially false or incorrect" as used in Question #8 and Section 303(3)(k) regarding a Qualifying Statement only (not an application), is defined by the Department to mean an incorrect answer or response given that resulted in the Qualifying Statement being approved when it should have been denied.
- c. When the issuer of a municipal security is a municipality with a contractual agreement with one or more other municipalities relating to the proposed municipal security, or when a municipality other than the issuer shall have pledged revenues or its full faith and credit to secure repayment of the municipal security, then each municipality shall separately meet the qualifying requirements of Section 303(3).

- d. Municipalities that do not qualify, pursuant to Section 303(3), shall not mail or otherwise distribute, as a sales document to prospective purchasers, the Official Statement or Preliminary Official Statement without other prior approval of the municipal security by the Department.
- e. If a deficit elimination plan under MCL 380.1220(1) for a school district, public school academy, or intermediate school district has been approved by the Board of Education, and filed and approved by the Department of Education, that school district, public school academy, or intermediate school district shall be considered to be in material compliance with the provisions of Section 303(3)(m).
- f. If an enhanced deficit elimination plan under MCL 380.1220(5) for a school district, public school academy, or intermediate school district has been approved by the Board of Education, and filed and approved by the Department of Treasury, that school district, public school academy, or intermediate school district shall be considered to be in material compliance with the provisions of Section 303(3)(m).
- g. If a deficit elimination plan under MCL 380.1220(1) is not required for a school district, public school academy, or intermediate school district by the Department of Education or if an enhanced deficit elimination plan under MCL 380.1220(5) is not required for a school district, public school academy, or intermediate school district by the Department of Treasury, that school district, public school academy, or intermediate school district shall be in material compliance with the provisions of Section 303(3)(m).
- h. If a deficit elimination plan under MCL 141.921(2) is not required by the Department of Treasury in accordance with Numbered Letter 2016-1 for any municipality other than a school district, public school academy, intermediate school district, or community college, that municipality shall be in material compliance with the provisions of Section 303(3)(m).

7. Resources

- a. The Department of Treasury has an online video library which includes videos on the borrowing process, including Qualifying Statements. Visit Michigan.gov/MunicipalFinance, at the top of the page click on "Education & Training Resources," then click on "Video Library."
- b. A borrowing process flowchart is available at Michigan.gov/MunicipalFinance. Near the bottom of the page click on "Borrowing Process Flowchart."
- c. For those looking for more information on municipal securities terminology, the Municipal Securities Rulemaking Board (MSRB) has a Glossary of Municipal Securities Terms at MSRB.org/glossary.

If you have any questions, please email our office at Treas_MunicipalFinance@michigan.gov.

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
1	<p>During the fiscal year for which this qualifying statement is being submitted, was the municipality required by the terms of a court order OR judgment to levy a tax?</p> <p>Y</p> <p>N</p>	<p>During the fiscal year for which this qualifying statement is being submitted, was the municipality required by the terms of a court order or judgment to levy a tax?</p> <p>Yes. We levy a tax under the terms of a court order or judgment levy.</p> <p>No. We do not levy a tax under the terms of a court order or judgment levy.</p>	<p>A “court order” is a directive issued by a court requiring a municipality to do something, like levy a tax.</p> <p>A “judgment levy” is a tax levy imposed because of a lawsuit brought against the municipality. This is done when the municipality does not have sufficient resources available to pay for the settlement. The Revised Judicature Act of 1961, Public Act 236 of 1961, provides that courts may order a tax levy to provide remuneration on behalf of the municipality for the party that has been wronged.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
2	<p>a. Enter the total fund balance remaining in all unlimited tax levy funded debt retirement funds at the end of the fiscal year for which this qualifying statement is being submitted.</p> <p>b. Enter the total amount of principal and interest payments due the fiscal year immediately following the fiscal year for which this qualifying statement is being submitted for all outstanding municipal securities funded from an unlimited tax levy.</p>	<p>a. Enter the total fund balance remaining in all UNLIMITED tax levy funded debt retirement funds at the end of the fiscal year for which this qualifying statement is being submitted. An UNLIMITED tax levy debt is a voter approved debt that is secured by a pledge of ad valorem property taxes that are not limited in rate or amount. This information may be found in the municipality's annual audit.</p> <p>b. Enter the total amount of principal and interest payments for all outstanding municipal securities funded from an UNLIMITED tax levy due the fiscal year immediately following the fiscal year for which this qualifying statement is being submitted. This information may be found in the notes to the municipality's annual audit or in the resolution authorizing the debt issuance. Do not include limited tax debt.</p>	<p>A debt retirement fund, also known as a debt service fund, is a fund into which the issuer makes periodic deposits to assure the timely availability of sufficient funds for the payment of debt service requirements.</p> <p>An unlimited tax levy debt is a voter approved debt that is secured by a pledge of ad valorem property taxes that are not limited in rate or amount, hence the term "unlimited."</p> <p>A limited tax levy debt may or may not be voter approved debt that is secured by a pledge of ad valorem property taxes that are limited by statute as to rate or amount.</p> <p>Unlimited tax bonds have less risk for the bondholders as there's an increased likelihood they'll get repaid, and therefore they typically have a lower interest rate than limited tax bonds (less risk for bondholders = lower interest rate).</p> <p>Ad valorem property taxes refers to real and personal property taxes levied by the municipality. The term "ad valorem" is Latin for "according to value."</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
3	<p>Is the municipality currently exceeding its statutory or constitutional debt limits?</p> <p>Y</p> <p>N</p>	<p>Is the municipality currently exceeding its statutory or constitutional debt limits? The statutory and constitutional debt limit is the maximum borrowing power of a governmental entity</p> <p>Yes. We are currently exceeding our statutory or constitutional debt limit.</p> <p>No. We are not currently exceeding our statutory or constitutional debt limit.</p>	<p>Municipalities have limitations as to how much debt they can issue. Counties are subject to the State Constitution, Article VII, Section 11. For charter counties also see Public Act 293 of 1966, Section 14(l). Other municipalities are subject to various Acts: The Charter Township Act, Public Act 359 of 1947, Section 14a, The General Law Village Act, Public Act 3 of 1895, Chapter IX, Section 22, The Home Rule Village Act, Public Act 278 of 1909, Section 26, The Home Rule City Act, Public Act 279 of 1909, Section 4a, The Revised School Code, Public Act 451 of 1976, Section 1351. General Law Townships and authorities do not have a debt limit.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
4	Are all outstanding securities of the municipality authorized by statute?	Are all outstanding securities of the municipality authorized by statute?	Whenever a municipality issues debt, they must have statutory authorization to do so. All debt is considered subject to the Revised Municipal Finance Act, Public Act 34 of 2001, unless another authorizing statute specifically states it is exempt it from Public Act 34 of 2001.
	Y	Yes. All outstanding municipal securities are authorized by statute.	
	N	No. We have outstanding municipal securities that are not authorized by statute.	
	N/A	N/A. We currently do not have any outstanding municipal securities.	

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
5	<p>Is the municipality in violation of any provision in the covenants for an outstanding security currently or in the fiscal year for which this qualifying statement is being submitted?</p> <p>a. Short-term municipal security set-aside requirements? Y or N</p> <p>b. Statutory debt limitations for short-term municipal securities? Y or N</p> <p>c. Required funding levels for revenue bond reserve accounts? Y or N</p> <p>d. Other? Y or N</p>	<p>Is the municipality in violation of any provision in the covenants for an outstanding security currently or in the fiscal year for which this qualifying statement is being submitted?</p> <p>a. Short-term municipal security set-aside requirements? Yes or No</p> <p>b. Statutory debt limitations for short-term municipal securities? Yes or No</p> <p>c. Required funding levels for revenue bond reserve accounts? Yes or No</p> <p>d. Other? Yes or No</p>	<p>A covenant is a contractual obligation set forth in a bond/note contract made between the issuer and the bond or note holders.</p> <p>Set aside requirements are a percentage of the principal amount that must be separated, or "set aside," from common cash prior to final maturity for the purpose of ensuring there is sufficient cash on hand to repay the short-term note when due. An example of short-term set aside requirements are a Tax Anticipation Note (TAN) under Public Act 34 of 2001, Sections 403(3) and 405(3).</p> <p>Statutory debt limitations for short-term debt dictates the maximum amount the note can be issued for. For example, TANs can be issued for an amount not to exceed 50% or 75% of the tax levy. For school districts, State Aid Notes (SAN) under Public Act 451 of 1976, Section 1225, are limited to 50% or 70% of state aid.</p> <p>Revenue bonds are those that are paid from a specific revenue stream, such as Water Fund or Sewer Fund user rates.</p> <p>A revenue bond reserve account is a separate account where a portion of revenues are placed to ensure bond principal payments are made when due. The bond payments are made from this account. Often these accounts will have required funding levels, or a minimum account balance.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
6	<p>During the fiscal year for which this qualifying statement is being submitted, was the municipality delinquent (greater than 30 days beyond the due date) more than one time IN ANY of the following:</p> <p>a. Transferring employee taxes withheld to the appropriate agency? Y or N</p> <p>b. Transferring taxes collected as an agent for another taxing entity to that taxing unit? Y or N</p> <p>c. In making all required pension, retirement, or benefit plan contributions? Y or N</p>	<p>During the fiscal year for which this qualifying statement is being submitted, was the municipality delinquent (greater than 30 days beyond the due date) more than one time IN ANY of the following:</p> <p>a. Transferring employee taxes withheld to the appropriate agency? Yes or No</p> <p>b. Transferring taxes collected as an agent for another taxing entity to that taxing unit? Yes or No</p> <p>c. In making all required pension, retirement, or benefit plan contributions? Yes or No</p>	<p>An example of transferring employee taxes would include, but not be limited to, sending Federal Insurance Contributions Act (FICA) taxes to the Internal Revenue Service (IRS) or income tax withholding to the IRS or State of Michigan.</p> <p>Transferring taxes timely would be for a city or township treasurer who collects taxes for other jurisdictions such as the county, school districts, intermediate school districts, community college, public transportation authorities, etc. The city or township treasurer shall deliver those tax collections in accordance with the timing guidelines established by the General Property Tax Act, Public Act 206 of 1893, Section 43.</p> <p>The municipality shall make timely payments for all defined benefit pension plan actuarially determined contribution (ADC) payments, defined contribution 401(a) plan payments, healthcare payments, or any other post-employment benefit (OPEB) payments.</p> <p>For the definition of "delinquent," see Numbered Letter 2022-1, 6. Other Items.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
7	<p>a. Enter the total dollar amount of the property taxes levied by the municipality that became delinquent as of the most recent March 1.</p> <p>b. Enter the total dollar amount of property taxes that were levied by the municipality in the calendar year, related to the delinquencies.</p>	<p>a. Enter the total dollar amount of the property taxes levied by the municipality that became delinquent as of the most recent March 1st. This amount should agree with the delinquent taxes identified on the settlement report to the county treasurer</p> <p>b. Enter the total dollar amount of property taxes that were levied by the municipality in the calendar year, related to the delinquencies. These property taxes should include both operating and debt taxes levied. For schools include sinking fund taxes levied. The property taxes should not include specific taxes (e.g. Industrial Facility Taxes, Neighborhood Enterprise Zone, etc.), special assessments, SET Taxes, or Tax Administrative Fees.</p>	<p>Use the March 1st date that falls during the fiscal year for which this qualifying statement is being submitted. For example, if you're filing a qualifying statement for the fiscal year ending February 28, 2022, you would use March 1, 2021 for question 7a. For question 7b, you would include the total taxes levied in July 2020 and December 2020.</p> <p>The County holding the municipality harmless for delinquencies for up to three years does not mean you should answer question 7a as \$0. For question 7a you should enter the amount of taxes that should have been paid by taxpayers but were not paid by the due date. For a municipality levying taxes, entering \$0 for question 7a would be an extremely rare occurrence (e.g. a small Downtown Development Authority that levies a tax and only has a couple taxpayers and everyone pays their taxes).</p> <p>Only include property taxes levied by the municipality filing the qualifying statement. Do not include property taxes levied by another municipality that were collected on their behalf by your municipality. For example, if you are a city or township whose treasurer collects property taxes for various municipalities such as the county or a school district, for questions 7a and 7b you would only include the taxes levied by the city or township.</p> <p>If your municipality does not levy property taxes, enter \$0 for both questions 7a and 7b.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
8	<p>Did the municipality submit a qualifying statement or an application for any other municipal security to the Department of Treasury in the preceding 12 months that was materially false or incorrect?</p> <p>Y</p> <p>N</p>	<p>Did the municipality submit a qualifying statement or an application for any other municipal security to the Department of Treasury in the preceding 12 months that was materially false or incorrect?</p> <p>Yes. We submitted a qualifying statement or an application that was materially false or incorrect.</p> <p>No. We did not submit a qualifying statement or an application that was materially false or incorrect.</p>	<p>If you provided an answer on your prior year qualifying statement that was not correct, and that answer resulted in your qualifying statement being approved when it should have been denied, that is considered material and you should answer "Yes."</p> <p>An example would be indicating on your prior year qualifying statement that your audited financial statements did not have any funds in deficit, when in fact they did have funds in deficit and a deficit elimination plan was required but was never approved by Treasury. This would merit an answer of "Yes."</p> <p>If on your prior year qualifying statement you provided an answer that was not correct, and that answer resulted in your qualifying statement being denied when it should have been approved, that is considered immaterial and you should answer "No."</p> <p>If the municipality received a "Subsequent Year Denial" letter for Section 303(3)(k) under Numbered Letter 2022-1, 4. Qualifying Statement Reviews, then an answer of "Yes" would be appropriate.</p> <p>For the definition of "materially false or incorrect," see Numbered Letter 2022-1, 6. Other Items.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
9	<p>Is the municipality in default on the payment of any debt for which it is financially liable for?</p> <p>Y</p> <p>N</p>	<p>Is the municipality in default on the payment of any debt for which it is financially liable? Default can occur when the borrower has not made a scheduled payment of principal or interest or when a covenant is violated.</p> <p>Yes. We are currently in default for debt which we are financially liable.</p> <p>No. We are not in default for any debt which we are financially liable.</p>	<p>A default is the failure to pay principal or interest on a bond or note when due, or failure to comply with the covenant.</p> <p>A covenant is a contractual obligation set forth in a bond/note contract made between the issuer and the bond or note holders.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
Public Act 34 of 2001, Section 303(3)

Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
10 (All muni's except School Districts, PSAs, and ISDs)	<p><i>STATIC QUESTION</i></p> <p>Did the municipality end the fiscal year for which this qualifying statement is being submitted with a deficit in any fund, has a deficit elimination plan been certified or conditionally approved by the Department of Treasury (or by the Department of Education as applicable)?</p> <p>NOTE: IF the municipality did not end the fiscal year with a deficit, answer NA.</p> <p>Y</p> <p>N</p> <p>N/A</p>	<p><i>DYNAMIC QUESTION</i></p> <p>Did the municipality end the fiscal year for which this qualifying statement is being submitted with an unrestricted deficit (sum of committed, assigned, and unassigned) in any fund in its most recent audited financial statements? Yes or No (if No, approved)</p> <p>If Yes: "Does this deficit require a deficit elimination plan in accordance with Department of Treasury Numbered Letter 2016-1?" Yes or No (if No, approved)</p> <p>If Yes: "Has a deficit elimination plan been approved by the Department of Treasury?" Yes or No (if Yes, approved OR if No, denied)</p>	<p>How does the timing of all these reports work out when our audited financial statements, auditing procedures report (APR), and qualifying statement are all due at the same time? If your audited financial statements and APR indicate a fund deficit and a deficit elimination plan is required, you would answer dynamic question 10 "Yes," "Yes," and "No." Your qualifying statement will then be denied. Once your deficit elimination plan has been approved by Treasury you would then file a qualifying statement reconsideration. On your qualifying statement reconsideration, you would then answer dynamic question 10 as "Yes," "Yes," and "Yes." Each municipality only gets one attempt to file a qualifying statement reconsideration.</p>

Michigan Department of Treasury
Qualifying Statement Revisions - 2022
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Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
10 (School Districts, PSAs, and ISDs only)	<p><i>STATIC QUESTION</i></p> <p>Did the municipality end the fiscal year for which this qualifying statement is being submitted with a deficit in any fund, has a deficit elimination plan been certified or conditionally approved by the Department of Treasury (or by the Department of Education as applicable)?</p> <p>NOTE: IF the municipality did not end the fiscal year with a deficit, answer NA.</p> <p>Y</p> <p>N</p> <p>N/A</p>	<p><i>DYNAMIC QUESTION</i></p> <p>Did the school district, public school academy, or intermediate school district end the fiscal year for which this qualifying statement is being submitted with a total fund balance deficit in the General Fund in its most recent audited financial statements?</p> <p>Yes or No (if No, approved)</p> <p>If Yes: "Does this General Fund deficit require a deficit elimination plan under MCL 380.1220(1) or an enhanced deficit elimination plan under MCL 380.1220(5)?"</p> <p>Yes or No (if No, approved)</p> <p>If Yes: "Has a deficit elimination plan under MCL 380.1220(1) been approved by the Board of Education and filed and approved by the Department of Education or has an enhanced deficit elimination plan under MCL 380.1220(5) been approved by the Board of Education and filed and approved by the Department of Treasury?"</p> <p>Yes or No (if Yes, approved OR if No, denied)</p>	<p>School districts, public school academies, and intermediate school districts should follow the deficit elimination plan guidelines from the Department of Education (MCL 380.1220(1)) or enhanced deficit elimination plan guidelines from the Department of Treasury (MCL 380.1220(5)), whichever is applicable.</p>

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Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
11	<p>As determined by a court of competent jurisdiction, did the municipality violate any State or Federal finance or tax related statutes during the fiscal year for which this qualifying statement is being submitted?</p> <p>Y</p> <p>N</p>	<p>As determined by a court of competent jurisdiction, did the municipality violate any State or Federal finance or tax related statutes during the fiscal year for which this qualifying statement is being submitted?</p> <p>Yes. We have been found to be in violation of State or Federal finance or tax related statutes during the fiscal year this qualifying statement is being submitted.</p> <p>No. We are not in violation of any State or Federal finance or tax related statutes during the fiscal year this qualifying statement is being submitted.</p>	<p>Did a court determine that the municipality violated State or Federal finance or tax related statutes? This would include, but would not be limited to, the Revised Municipal Finance Act, Public Act 34 of 2001, the Income Tax Act of 1967, Public Act 281 of 1967, and the General Property Tax Act, Public Act 206 of 1893.</p>

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Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
12	<p>Has the municipality been in compliance of the provisions of Public Act 34 of 2001, including the timely filing of a security report, filing fee and any other required documents for each municipal security issued during the fiscal year for which this qualifying statement is being submitted?</p> <p>Y</p> <p>N</p>	<p>Has the municipality been in compliance of the provisions of Public Act 34 of 2001 during the fiscal year for which the qualifying statement is being submitted? This includes but is not limited to the filing of a prior approval application and the payment of filing fees under Section 303(7), and the timely filing (within 15 business days after issuance) of a security report and other required documents and the payment of filing fees under Section 319.</p> <p>Yes. We are in compliance with the provisions of Public Act 34 of 2001.</p> <p>No. We are not in compliance with the provision of Public Act 34 of 2001.</p>	<p>The municipality shall be in compliance with the Revised Municipal Finance Act, Public Act 34 of 2001. This includes but is not limited to the filing of a prior approval application and the payment of filing fees under Section 303(7), and the timely filing (within 15 business days after issuance) of a security report and other required documents and the payment of filing fees under Section 319.</p> <p>Furthermore, whenever a municipality issues debt, they must have statutory authorization to do so. All debt is considered subject to the Revised Municipal Finance Act, Public Act 34 of 2001, unless another authorizing statute specifically states it is exempt it from Public Act 34 of 2001. Issuing debt without explicit statutory authorization would not be in compliance with Public Act 34 of 2001.</p> <p>If the municipality received a "Subsequent Year Denial" letter for Section 303(3)(o) under Numbered Letter 2022-1, 4. Qualifying Statement Reviews, then an answer of "No" would be appropriate.</p>

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Question	CURRENT Qualifying Statement Questions	NEW Qualifying Statement Questions	NEW Information Bubbles
13	<p>During the fiscal year for which this qualifying statement is being submitted, did the municipality issue a refunding security to avoid a potential default on an outstanding security?</p> <p>Y</p> <p>N</p>	<p>During the fiscal year for which this qualifying statement is being submitted, did the municipality issue a refunding security to avoid a potential default on an outstanding security?</p> <p>Yes. We issued a refunding security to avoid a potential default on an outstanding security.</p> <p>No. We did not issue a refunding security to avoid a potential default on an outstanding security.</p>	<p>A refunding security is a bond issued to defease (pay off) outstanding bonds. These are often done to achieve a lower interest rate and thus reduced debt service costs but could be done for other reasons including but not limited to revising bond covenants or restructuring the principal payments.</p> <p>A default is the failure to pay principal or interest on a bond or note when due, or failure to comply with the covenant.</p> <p>A covenant is a contractual obligation set forth in a bond/note contract made between the issuer and the bond or note holders.</p>